

Case Study

CRA Wiz® and Fair Lending Wiz®

Financial Services

Allegiance Bank Selects Wolters Kluwer CRA Wiz® and Fair Lending Wiz® to Manage Compliance and Drive Expansion



Background

Headquartered in Houston, Texas, Allegiance Bank is a full-service community bank that primarily focuses on commercial lending for small-to-medium-sized businesses. Since opening in 2007, the bank has expanded to 16 bank office locations in the greater Houston area. Allegiance Bank's asset size is approximately \$3 billion.

Keeping pace with regulatory compliance while continuing to grow can be challenging. That's why implementing a comprehensive fair banking strategy is not only critical to a bank's overall compliance program, but a key component of any expansion initiatives. To minimize risk and ensure that the products, services and programs they offer are in compliance with fair banking regulations, Allegiance Bank hired Marcus Vasquez, a former Office of Thrift Supervision (OTS) examiner, to develop the bank's Community Reinvestment Act (CRA), fair lending and Unfair, Deceptive or Abusive Acts or Practices (UDAAP) management programs. Vasquez recognized that Allegiance Bank needed a

compliance program that could support their continued growth and strategy, and therefore incorporated a strong technology component to facilitate an agile compliance program.

Why Choose CRA Wiz® and Fair Lending Wiz®?

In today's complex regulatory environment with so much emphasis on the consumer experience, banks cannot afford gaps or inconsistencies in their fair banking compliance program. When Vasquez arrived at Allegiance Bank, the bank was using a fair lending solution, but as they grew and the volume of lending data increased, it became apparent that the bank needed a more scalable solution that included rigor and controls around data integrity.

"As a former examiner, I was accustomed to using Wolters Kluwer CRA Wiz and Fair Lending Wiz in my examinations and trust the data the solution provides," said Vasquez, Vice President and Fair Banking Officer at Allegiance Bank. "We are a growing commercial bank, and I wanted to have the assurance that our data will be comparable, if not exact, as to what the Federal Deposit Insurance Corporation (FDIC) is using when conducting our examinations. That peace of mind is invaluable."

In 2016, the bank implemented Wolters Kluwer CRA Wiz and Fair Lending Wiz at all 16 bank office locations. Fair Lending Wiz is a complete and automated fair lending management solution that allows Allegiance Bank to easily identify potential risk and immediately take

corrective action to remedy potentially unfair lending practices. And, CRA Wiz helps the bank apply a range of fully customizable automation technologies to its CRA reporting process, including accurate geocoding, to speed up the preparation of data for CRA reviews.

Results

When Hurricane Harvey hit in August 2017, Allegiance Bank quickly put its Wolters Kluwer CRA Wiz solutions to work. CRA Wiz's mapping functionality enabled Allegiance Bank to map the areas where the hurricane had a devastating impact, allowing the bank to put disaster relief programs in place to help both employees and customers get back on their feet.

The enhanced mapping functionality is also playing a pivotal role as Allegiance Bank continues to expand and serve its assessment area. As Allegiance Bank evaluates future de novo bank offices, it plans to leverage the precise mapping capabilities to enable the bank to best balance CRA and fair lending compliance obligations with bank profitability.

Overall, Vasquez says Allegiance Bank has experienced several benefits to using the same fair lending solutions that regulators rely on, including:

- **Reduce risk.** Reporting incomplete data can lead to unwanted surprises during an examination. CRA Wiz and Fair Lending Wiz provide Allegiance Bank with the necessary data sets and reporting tools to anticipate examiner findings and satisfy performance requirements.
- **Expedite the review process.** Using the same data as regulators speeds up the review process, and saves the bank time and resources by programmatically isolating potential cases of unfair treatment, eliminating the need for manual data review.
- **Ensure you are on the "same page" as regulators.** It is important that the bank's plans are consistent with what regulators are seeing. Poor CRA performance can lead to the denial of applications for mergers, acquisitions and expansions, so accuracy and transparency are key.

"Our fair lending and CRA compliance obligations are always top-of-mind, and we are committed to addressing any vulnerabilities within our organization," said Vasquez. "With CRA Wiz and Fair Lending Wiz in place, we are confident that our fair lending program is in line with examiner and regulator guidelines, our continued growth strategy and potential, and more importantly, community expectations."

About Wolters Kluwer Governance, Risk & Compliance

Wolters Kluwer Governance, Risk & Compliance (GRC) is a division of Wolters Kluwer which provides legal, finance, risk and compliance professionals and small business owners with a broad spectrum of solutions, services and expertise needed to help manage myriad governance, risk and compliance needs in dynamic markets and regulatory environments.

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